

## Message Text

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TO AMEMBASSY HELSINKI

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STADIS//////////

FOR AMBASSADOR FROM VINE

E.O. 11652: N/A

TAGS: PFOR, FI

SUBJECT: US PURCHASE OF FINNISH ICEBREAKERS

REF: HELSINKI 0176

1. REPRESENTATIVE PHILLIP RUPPE, RANKING MINORITY MEMBER OF HOUSE COAST GUARD AND NAVIGATION SUBCOMMITTEE, CALLED DEPARTMENT JANUARY 29 ON BEHALF OF SUBCOMMITTEE CHAIRMAN MARIO BIAGGI TO ASK THAT AMBASSADOR AUSTAD SUBMIT, IF POSSIBLE, HIS WRITTEN COMMENTS ON THE QUESTION OF US PROCUREMENT OF FINNISH ICEBREAKERS, FOCUSING PARTICULARLY ON THE FOREIGN POLICY ASPECTS THEREOF.

2. GIVEN REPRESENTATIVE RUPPE'S REQUEST, DEPARTMENT HAS NO OBJECTION TO YOUR SUBMITTING SUCH STATEMENT. WE HAVE REVIEWED REFTTEL CAREFULLY AND SUGGEST YOU CABLE IMMEDIATELY REVISED EDITION BELOW. YOU SHOULD SLUG CABLE AS FOLLOWS "DEPARTMENT PASS CHAIRMAN MARIO BIAGGI AND ALL MEMBERS HOUSE COAST GUARD AND NAVIGATION SUBCOMMITTEE, SENATORS LIMITED OFFICIAL USE

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HUMPHREY, RUSSELL LONG AND BOB GRIFFIN FROM AMBASSADOR

AUSTAD".

3. BEGIN TEXT. I SHOULD LIKE TO EXPRESS TO YOU, MR.

CHAIRMAN, AND TO THE MEMBERS OF THE COMMITTEE MY SINCERE APPRECIATION FOR THIS OPPORTUNITY TO COMMENT ON THE NEED FOR US PROCUREMENT OF FINNISH ICEBREAKERS. BECAUSE OF ITS IMPORTANCE TO THE UNITED STATES, TO COURAGEOUS FINLAND AND TO FINNISH-AMERICAN RELATIONS, I DEEPLY REGRET THAT I AM UNABLE TO PRESENT MY THOUGHTS ON THIS ISSUE BEFORE YOU IN PERSON. DUE TO THE OBSTACLES OF DISTANCE AND TIME DEMANDS, I AM RESPECTFULLY REQUESTING YOUR CAREFUL CONSIDERATION OF THIS CASE THROUGH THIS MEMORANDUM. I BELIEVE THERE ARE FEW MORE VITAL PROBLEMS FACING YOUR COMMITTEE THAN THE ONE TO WHICH I HEREBY MAKE REFERENCE.

I FIRST BECAME INTERESTED IN THIS MATTER SHORTLY BEFORE I WAS CONFIRMED AS US AMBASSADOR TO FINLAND. I WAS AMAZED WHEN TOLD THAT DUE TO WINTER ICE CONDITIONS ON THE GREAT LAKES, PRACTICALLY THE ENTIRE INDUSTRIAL MID WEST OPERATES ON A NINE-MONTH BASIS. I WAS TOLD THAT EVEN IF THE ICE FAILS TO DEVELOP, INDUSTRY OF NECESSITY ANTICIPATES WORST-CASE ICE CONDITIONS AND, AS A RESULT, OPERATES APPROXIMATELY ONLY THREE-FOURTHS OF THE YEAR. (STRANGELY ENOUGH, ICE CONDITIONS IN FINLAND ARE SIMILAR TO THOSE OF THE GREAT LAKES. IF FINLAND HAD THE SAME ATTITUDE TOWARDS THIS PROBLEM AS OUR COUNTRY APPEARS TO HAVE, SHE COULDN'T SURVIVE.) WHEN I WAS IN HIGH SCHOOL, I WELL REMEMBER BEING TAUGHT THAT RUSSIAN FOREIGN POLICY WAS TIED TO THE NEED SHE HAD FOR ICE-FREE PORTS. THAT PROBLEM IS NOW MOOT FOR THE RUSSIANS INASMUCH AS FINLAND HAS BUILT 15 ICEBREAKERS FOR THEM WHICH HAS FREED THE SOVIET UNION OF THIS PROBLEM. EVERY OTHER NATION IN THE WORLD SEEKING ICEBREAKERS, MOST RECENTLY ARGENTINA, TURNS TO FINLAND.

I HAVE BEEN INFORMED THAT THE ANNUAL PROBLEM OF REDUCED INDUSTRIAL PRODUCTION AND INCREASED UNEMPLOYMENT IN THE GREAT LAKES AREA HAS GONE ON FOR 35 YEARS. IS THERE ANY DOUBT IN YOUR MIND THAT IF HIGHWAY 66 WERE ICED UP OR SNOWED UNDER THAT IT WOULD BE PLOWED OUT? OR, IF THE LIMITED OFFICIAL USE

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MISSISSIPPI OR MISSOURI WERE CLOGGED WITH SILT, THEY WOULD BE IMMEDIATELY CLEARED? THE GREAT LAKES, AMERICA'S FOURTH COAST, HAS NOT REALLY BEEN ADEQUATELY CARED FOR, IN MY OPINION.

AS YOU WELL KNOW, WE ARE COMMITTED TO SELL FROM 6-8 MILLION TONS OF GRAIN ANNUALLY TO THE SOVIET UNION ALONE. MORE MILLIONS ARE SCHEDULED FOR SHIPMENT TO THE EASTERN

BLOC COUNTRIES. DUE TO OUR ENERGY SHORTAGE, WE ARE TRYING TO CONVERT TO COAL. THE NEED TO SHIP MILLIONS OF TONS OF COAL FROM THE NORTH CENTRAL AREA OF THE US MAKES IT IMPERATIVE THAT THE LAKES BE PUT TO USE ON A YEAR-ROUND BASIS.

'HE FIRST THOUGHT AN AMERICAN NORMALLY HAS IS "WHY DON'T WE BUILD ICEBREAKERS OURSELVES TO KEEP THE LAKES CLEARED"? IN THE FIRST PLACE, ONLY THREE ICEBREAKERS ARE REQUIRED. ACCORDING TO THE BEST ADVICE I CAN GET, TO TOOL-UP A SHIP-YARD FOR THE MANUFACTURE OF THESE FEW MACHINES WOULD COST MORE THAN ONE ICEBREAKER ITSELF. IF THERE WAS A NEED FOR MANY SUCH SHIPS, IT WOULD BE WISE FOR THE US TO MAKE THEM. THIS HAS BEEN TRIED--TWO VERY LARGE ICEBREAKERS ARE IN THE PROCESS OF BEING FINISHED IN THE SEATTLE SHIP-YARDS OF LOCKHEED COMPANY. THE GENERAL ACCOUNTING OFFICE RECENTLY REPORTED TO CONGRESS THAT LOCKHEED SHIPS ARE ALREADY DOLS 20 MILLION OVER THEIR ESTIMATED COST. FOR THE US TO MAKE ICEBREAKERS IS AS SENSIBLE AS FOR FINNS TO MAKE DC-10S. NO DOUBT THEY COULD DO IT BUT AT HORRENDOUS COST. (INCIDENTALLY, FINNAIR IN THE LAST FEW YEARS HAS BEGUN TO CONVERT ITS ENTIRE FLEET TO MCDONNELL-DOUGLAS AIRCRAFT SUBSTANTIALLY CONTRIBUTING TO THE PRESENT AND OVERWHELMING IMBALANCE IN OUR BILATERAL TRADE. THIS IMBALANCE IN 1975 WAS MORE THAN DOLS 235 MILLION IN OUR FAVOR. FINNS WILL GIVE A FIXED COST AND STIPULATED TIME FOR COMPLETION OF ALL EQUIPMENT NEEDED.

IT IS MY UNDERSTANDING THAT THE PRINCIPAL OBJECTIONS TO THE PROCUREMENT OF FINNISH ICEBREAKERS HAVE BEEN EXPRESSED BY LABOR UNIONS AND THE COAST GUARD. I HAVE REASON TO UNDERSTAND THAT REPRESENTATIVES OF AMERICAN LABOR HAVE RECENTLY INDICATED THAT THEY WOULD NO LONGER OBJECT TO SUCH PROCUREMENT. CURRENTLY, THEREFORE, THE COAST GUARD LIMITED OFFICIAL USE

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REMAINS THE MAIN OPPONENT. I AM AWARE THAT THE COAST GUARD HAS RECENTLY RESTATED ITS SPECIFIC OBJECTIONS. I HAVE TODAY AIRMAILED A LIST OF SUCH OBJECTIONS TO YOU AS WELL AS FINNISH INDUSTRY'S RESPONSE TO THEM. I MOST SINCERELY APPEAL TO YOU TO STUDY THESE PAPERS AS THEY ARE VITAL TO THE ENTIRE SUBJECT.

MY CLIENT IS THE US GOVERNMENT. I AM INTERESTED ONLY IN HER ULTIMATE WELFARE. THE DEPARTMENT OF STATE HAS RECENTLY INDICATED THAT THE PROCUREMENT OF FINNISH ICEBREAKERS AS THIS TIME WOULD BE IN ACCORD WITH US POLICY OBJECTIVES IN FINLAND. A DOCUMENT ON THIS HAS ALSO BEEN AIRMAILED TO YOUR COMMITTEE. SENATOR GRIFFIN, CONGRESSMAN RUPPE, A FORMER COMMANDANT OF THE US COAST GUARD AND MANY OFFICIALS OF VARIOUS GREAT LAKES DELEGATIONS HAVE

BEEN TO FINLAND RECENTLY AND ARE COMPLETELY CONVERTED. PRESIDENT FORD SPENT SOME TIME ABOARD A FINNISH ICEBREAKER LAST SUMMER AND TOLD ME HE WAS GREATLY IMPRESSED. I REFER TO A THIRD ITEM BEING AIRMAILED TODAY--THE SEAWAY REVIEW MAGAZINE. IT CONTAINS MANY IMPORTANT ITEMS REGARDING THIS MATTER.

I HAVE DISCUSSED THE NEED FOR AMERICAN PROCUREMENT OF FINNISH ICEBREAKERS WITH ALL 12 US SENATORS FROM THE GREAT LAKES AREA. THEY ARE COMPLETELY IN AGREEMENT. SENATORS HUMPHREY AND GRIFFIN HAVE TAKEN THE LEAD IN THE SENATE.

THE POLITICAL AND FOREIGN RELATIONS ASPECT IS THE ONE IN WHICH I AM MOST KEENLY INTERESTED. FINLAND, MAY I REMIND YOU, IS THE ONLY COUNTRY EVER TO PAY HER WAR DEBT. FINLAND HAS ASKED US FOR NO ADDITIONAL HELP. FINLAND KNOWS FIRSTHAND WHAT IT IS TO SIT ON THE SOVIET BORDER AND MAINTAIN HER INDEPENDENCE. THIS LITTLE COUNTRY IS IN DESPERATE FINANCIAL STRAITS AT THE MOMENT. A RECORD TRADE DEFICIT OF DOLS 1.2 BILLION IN 1974 WAS FOLLOWED BY AN EVEN LARGER DEFICIT OF DOLS 2.02 BILLION IN 1975. INFLATION HAS BEEN RUNNING AT AN ANNUAL RATE OF 18 PERCENT OVER THE PAST TWO YEARS. THE PRICE OF IMPORTED SOVIET OIL AND GAS, WHICH HAS QUADRUPLD SINCE 1973, HAS REQUIRED A TEMPORARY RESTRUCTURING OF FINNISH EXPORTS TO SOVIET BLOC COUNTRIES. THE WEAKER FINLAND IS FINANCIALLY, THE MORE LIMITED OFFICIAL USE

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VULNERABLE SHE IS POLITICALLY. I CAN'T TELL YOU HOW LARGE THIS ISSUE IS IN FINLAND WHERE EVERYONE FROM PRESIDENT KEKKONEN, THE PARLIAMENT AND EVEN SCHOOL CHILDREN ARE AWARE OF THE IMPORTANCE OF SELLING ICEBREAKERS TO THE US. THE PSYCHOLOGICAL BOOST THIS WOULD GIVE THE FINNS AND THEIR FINANCIAL AND POLITICAL STABILITY IS IMMEASURABLE.

IN CONCLUSION, MR. CHAIRMAN, I WANT TO POINT OUT THAT, IN OUR OWN BEST INTERESTS, THESE ICEBREAKERS COULD NOT HELP BUT STRENGTHEN THE UNITED STATES ECONOMICALLY. AT THE SAME TIME, IT WILL GIVE STRONG ASSISTANCE TO THIS COURAGEOUS COUNTRY WHICH DESERVES OUR ACCOLADES AS WELL AS OUR STRONG MORAL AND FINANCIAL ASSISTANCE. KISSINGER

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